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DIRECTOR OF CENTRAL INTELLIGENCE  
**Technology Transfer Intelligence Committee**

TTIC-C-013  
7 March 1986

MEMORANDUM FOR THE RECORD

SUBJECT: Results of Bilateral Meetings with COCOM Countries on the Third Country Initiative.

REFERENCES: Briefing vignettes. (attached)  
Synopsis of remarks by COCOM partners. (attached)  
Cable reporting on detailed results of bilaterals. (to be issued from Washington)

1. Purpose of Third Country Initiative. The Third Country Initiative (TCI) is a COCOM initiative to encourage third countries (TC's) to strengthen and/or develop export (and re-export) controls. The goal is to reduce undue loss of COCOM-controlled equipment and technology from and through third countries, facilitate technology transfer, and avoid commercial discrimination. [redacted]

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2. Bilateral Meetings. In preparation for the 17-20 March meeting of the COCOM Subcommittee on Export Controls a US interagency delegation, headed by Deputy Assistant Secretary of State Dale Tahtinen, held discussions with the representatives of the governments of FRG, France, UK, Belgium, Italy, Norway, Netherlands, and Japan regarding the TCI. The US delegation explained the need for COCOM members to work with identified TC's towards the establishment of improved export controls, described the US view of the potential threat without such an effort, and asked each country to pursue specific actions in this regard. The FRG, UK, Belgium, Norway, Netherlands, and Japan appeared to be very supportive and are initiating contacts with TC's. The French are less systematic in their approach, but appeared to be supportive. The Italians seemed willing to raise the issue with TC's at the right time and under the proper circumstances. While in Brussels, additional discussions on technology transfer were held with members of the US Mission to NATO. [redacted]

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3. Intelligence Briefing. After brief statements by DAS Tahtinen and Commerce and Defense representatives, we presented a briefing (see Attachment A) on the TC technology capabilities and their impact on the COCOM embargo. The key points were: 1) there is a growing diffusion of COCOM level technology and equipment in TC's, 2) there is an increased use of TC's to bypass COCOM controls, and 3) there will be an erosion of the COCOM embargo

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without TC export controls.

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4. Reaction Positive. The foreign delegations all appeared to recognize the problem, either real or potential, of loss of COCOM level technology via TC's and agreed to approach select countries. They further agreed to use the generic MOU which was approved by COCOM members last October. The five key elements of the generic MOU are:

- Import Certificate/Delivery Verification or equivalent system.
- Guarantee to prevent re-exports and diversions to proscribed destinations, including in-transit and in-bond controls.
- Provisions for pre-license and post-shipment checks.
- Appropriate enforcement cooperation.
- Control of exports of COCOM-level indigenous products and technology.

While the US prefers to use MOU's, other countries said their approaches will vary depending on timing and circumstances. Some delegations were not sure how to initiate approaches to TC's; others already had approached certain TC's. The US suggestion was well received of using a matrix (to be maintained by the COCOM Secretariat) to track the actions COCOM members were taking regarding the TCI. The matrix will be introduced at the March COCOM meeting; delegations agreed that the results would be useful in obtaining a clearer picture of what remains to be done. Attachment B is a synopsis of remarks by COCOM partners.

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5. Implications. Based on the results of the bilateral meetings, the COCOM partners appear ready to initiate and continue to make contacts with TC's. Some will make informal approaches; others will formally introduce draft MOU's. All of the partners want to maintain a degree of flexibility in their approaches. Most believe it is important to have more than one COCOM country approach each TC. The question of which TC to approach first and by whom will be addressed at the March COCOM meeting. It may be necessary for the US to explain to other COCOM countries how to go about approaching TC's based on the US experiences with India, Sweden, Israel, and Singapore. There will be a need for frequent, follow-up visits by COCOM members to TC's to encourage and help them develop effective controls; attention will need to be given to developing a spirit of cooperation among enforcement authorities in the TC's. The process undoubtedly will be lengthy.

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Attachments:  
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